

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6832

BILL NUMBER: SB 305

NOTE PREPARED: Jan 1, 2012

BILL AMENDED:

SUBJECT: Multiple ADM Counts.

FIRST AUTHOR: Sen. Breaux

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *School Formula:* This bill provides that: (1) an average daily membership (ADM) count of students enrolled in a public school in Grades K-12 must be taken during the school year in September and January; and (2) state tuition support must be distributed based on the latest count of students. It changes the first month that the September count affects distributions from January of the following year to October of the year in which the count is taken.

Distribution Schedule. The bill requires state tuition support distributions to be made every month rather than every 40 days.

Charter School Startup: The bill calculates charter school startup and other advance loans based on a three-month period rather than a six-month period.

Other ADM Count Statutes: The bill makes related changes in various calculations to reflect the change in counting procedure.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *School Formula:* The bill would change the ADM used in the school formula calculations. Currently, the September 2012 ADM is used for the CY 2013 school formula calculations.

The bill would change the tuition support calculations for CY 2012 and CY 2013. The following table shows which ADM count is used in the current law and what the change would be under this bill.

| Distribution Month 2012 | Current Law 2012 | Proposed 2012 | Distribution Month 2013 | Current Law 2013 | Proposed 2013 |
|--------------------------------|-------------------------|----------------------|--------------------------------|-------------------------|----------------------|
| January | Sept 2011 | Sept 2011 | January | Sept 2012 | Sept 2012 |
| February | Sept 2011 | Sept 2011 | February | Sept 2012 | Jan 2013 |
| March | Sept 2011 | Sept 2011 | March | Sept 2012 | Jan 2013 |
| April | Sept 2011 | Sept 2011 | April | Sept 2012 | Jan 2013 |
| May | Sept 2011 | Sept 2011 | May | Sept 2012 | Jan 2013 |
| June | Sept 2011 | Sept 2011 | June | Sept 2012 | Jan 2013 |
| July | Sept 2011 | Sept 2011 | July | Sept 2012 | Jan 2013 |
| August | Sept 2011 | Sept 2011 | August | Sept 2012 | Jan 2013 |
| September | Sept 2011 | Sept 2011 | September | Sept 2012 | Jan 2013 |
| October | Sept 2011 | Sept 2012 | October | Sept 2012 | Sept 2013 |
| November | Sept 2011 | Sept 2012 | November | Sept 2012 | Sept 2013 |
| December | Sept 2011 | Sept 2012 | December | Sept 2012 | Sept 2013 |

Generally, the January ADM count has about 5,000 to 7,000 students less than the previous September ADM. The ADM used in the primetime calculations would change in a like manner. The change also provides new charter schools with tuition support in October of the year they start operation instead in the following January.

The counts used in the school formula for special education, career and technical education, and the honor grants would not change. The special education count date is December 1, the career and technical education count is taken in September at the time of the ADM count, and the honor count is the number of honor diplomas granted the previous school year.

The following chart summaries the impact on local schools.

| | CY 2012 | CY 2013 |
|---|----------------|----------------|
| Tuition Support Change | \$ 4.3 M | - \$15.4 M |
| # Schools with Decreased Tuition Support | 200 | 253 |
| # Schools with Same Tuition Support | 15 | 0 |
| # Schools with Increased Tuition Support | 143 | 105 |

If the multiple ADM counts used in the school formula causes the calendar year distribution to exceed the maximum calendar year distribution or the fiscal year appropriation, then all the distributions would be

proportionally reduced. The maximum calendar distribution for CY 2012 is \$6,228.8 M and \$6,339.6 M for CY 2013. The CY 2012 maximum was determined using an estimated ADM of 999,124 students, and the September 2011 ADM is 992,807, a difference of 6,316, so the CY 2012 distribution using multiple ADM counts should not exceed the maximum distribution.

The change of using the September ADM for the October through December tuition support calculations would allow new charter schools to receive tuition support beginning in October of the calendar year they open instead of waiting until the following January. The provision would increase the tuition support estimate for new charter schools by about \$4.7 for CY 2012 and \$5.7 M for CY 2013.

Distribution Schedule: The requirement that the tuition support distribution be made monthly would currently have no fiscal impact. The distribution is currently about the 15th of each month. The provision would not allow the state to alter the schedule, so there could be only 11 distributions in a fiscal year. In the past for cash flow purposes the state has rolled a monthly distribution from one fiscal year to another.

Charter School Startup: The bill would reduce the amount a charter school could borrow from the Common School Fund by about a half. Currently, a charter school does not receive tuition support until the January after they begin operation, so there is a six-month period they do not receive tuition support. The bill would distribute tuition support in October after they begin operation, so there is a three-month period that they may be in operation without state funding. Currently, 58 charter schools have borrowed about \$75.6 M from the Common School Fund.

Other ADM Count Statutes: The bill would require the January ADM count to be used in determining the Technology Plan Grant instead of the September ADM. The provision should have minor impact.

The bill would change the ADM used in determining the amount of general fund dollars a school can use to promote the school. Currently, schools can use \$1 per their previous year's ADM with a minimum amount of \$3,000 and the maximum amount of \$12,500 to promote the school. The bill keeps the minimum and maximum, but changes the calculation to use the previous year's ADM as used in the school formula. For those schools who fall between the minimum and maximum amount, the new calculation could change the amount that a school could use during the year with the September and January ADM counts. The impact is probably minor.

The bill would change the transfer tuition calculations to use the most current ADM, either September or January, instead of the prior year's September ADM in determining transfer tuition. The provision would probably have minor impact.

The bill would change the calculation of the Choice Scholarship from using the September ADM to the January ADM for the purposes of determining the amount of the scholarship a student can receive. The provision should have minor state fiscal impact.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

Other ADM Count Statutes: The bill would change the ADM used in the Lake County and Dearborn County

Supplemental County Levy from the September ADM count to the following January ADM for distribution of the levy. The impact could be a shift between the schools and is probably minor.

State Agencies Affected: Department of Education.

Local Agencies Affected: Schools.

Information Sources: Department of Education databases.

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